



**Chekati v Printing Services Limited (Cause E898 of 2024)  
[2025] KEELRC 2907 (KLR) (24 October 2025) (Ruling)**

Neutral citation: [2025] KEELRC 2907 (KLR)

**REPUBLIC OF KENYA  
IN THE EMPLOYMENT AND LABOUR RELATIONS COURT AT NAIROBI  
CAUSE E898 OF 2024  
AK NZEI, J  
OCTOBER 24, 2025**

**BETWEEN**

**NARASIMHA RAO CHEKATI ..... CLAIMANT**

**AND**

**PRINTING SERVICES LIMITED ..... RESPONDENT**

**RULING**

1. The Claimant, vide his Memorandum of Claim dated 22<sup>nd</sup> October, 2024 and filed herein, seeks the following reliefs against the Respondent herein named:-
  - a. A declaration that the Claimant was unfairly and unlawfully terminated from employment.
  - b. Compensation for unlawful and unfair termination of Kshs.20,820,000/= being 12 months' salary.
  - c. Unpaid service pay being Kshs.347,000/=.
  - d. Payment in lieu of notice Kshs.1,735,500/=.
  - e. Interest on (b), (c) and (d) above until payment in full.
  - f. Costs of the suit and interest.
  - g. Any other relief that the Court may deem fit and just to grant.
2. The Respondent filed Response to the Claimant's claim, dated 22<sup>nd</sup> November, 2024, denying the Claimant's claim against it and seeking the following reliefs by way of a Counter-Claim:-
  - a. An order dismissing the Memorandum of Claim and all prayers therein with costs.
  - b. A declaration that termination of the Claimant by the Respondent was procedural and lawfully warranted in law and fact, and was justified.



- c. An order compelling the Claimant to refund the Respondent all embezzled monies amounting to Kshs.254,461,767/= being the direct financial losses occasioned by the Respondent, calculated as follows:-
    - i. Unauthorized withdrawals ..... Kshs.16,500,000/=
    - ii. Unauthorised service and leave pay ..... Kshs.9,252,314/=
    - iii. Conflict of interest dealings and unpaid debt ..... Kshs.1,187,682/=.
    - iv. Procurement violations and fictitious invoices ..... Kshs.227,521,771/=
  - d. General damages.
  - e. Interest on (c) and (d) above.
  - f. Costs of the suit and of the Counter-Claim.
  - g. Such other and/or further reliefs as may be just.
3. The Claimant filed Reply to the Respondent’s Response and Response to Counter-Claim, dated 28<sup>th</sup> February, 2025. The Claimant also filed an evenly dated Notice of Preliminary Objection, calling for the Respondent’s Counter-Claim to be struck off on grounds:-
- a. That this Court is bereft of Jurisdiction to entertain, to hear and to determine the Respondent’s Counter-Claim and to grant the reliefs sought.
  - b. That though camouflaged as an employment dispute, the Respondent’s Counter-Claim falls outside the jurisdictional limit of the Employment and Labour Relations Court under Article 162(2)(a) and (3) of *the Constitution* [of Kenya] and Section 12 of the *Employment and Labour Relations Court Act* as the germane issues herein relates to alleged conversion, a tort which falls outside the Jurisdiction of this Court.
  - c. That this Court further does not have jurisdiction to deal with issues of recovery of alleged debt as the issue is purely a civil dispute.
  - d. That this Court does not have jurisdiction to deal with alleged procurement malpractices, supplier misconduct and connected malfeasances.
4. Some of the averments made by the Respondent in its Counter-Claim are as follows:-
- “25. The Respondent [in the Counter-Claim] was employed by the Claimant [in the Counter-Claim] whereto he was entrusted with critical roles in the financial, procurement and administrative operations of the Claimant.
  26. In the discharge of his duties, the Respondent was at all times expected to uphold the highest standards of integrity, diligence and loyalty in accordance with his employment contract and the Claimant’s internal policies that he was aware of.
  27. However, the Respondent abdicated his duties as required of him and instead engaged in acts amounting to gross misconduct, financial malpractice, conflict of interest and criminal conduct, leading up to his lawful and procedural termination from employment.
  28. ...



29. Upon conducting thorough investigations, it was established that the Respondent had engaged in various unlawful activities, grossly violating his fiduciary and contractual obligations.”
5. The alleged grossly violated fiduciary and contractual obligations are pleaded and particularised in the Counter-Claim as:-
- a. Unauthorised multiple withdrawals from the employer’s bank accounts held at the Bank of Baroda and the Standard Chartered Bank, amounting to Kshs.16,500,000/=.
  - b. Unauthorised processing and disbursement of leave and service charge payments of Kshs.9,252,314/= contrary to the employer’s policies.
  - c. Conflict of interest dealings with a company established by the employee while employed by the employer, and entering into transactions with the company; to the benefit of the employee and to the detriment of the employer.
  - d. Orchestration by the employee of a fraudulent scheme involving fictitious invoicing to two named suppliers, with transactions being falsified and executed by the employee in total violation of the employer’s strict procurement policies, resulting in staggering financial loss of Kshs.227,521,771/=.
6. Both parties filed written submissions regarding the said Preliminary Objection, which basically purports to challenge this Court’s Jurisdiction to entertain, to hear and to determine the employer’s counter-claim against its dismissed [former] employee, and in particular the issues of conversion, recovery [of the converted money], losses arising from alleged conflict of interest and procurement malpractices.
7. It ought to be noted, right at the onset, that Article 162(2)(a) of *the Constitution* of Kenya 2010 establishes this Court to deal with matters relating to employment and labour relations. Article 162(3) obligates Parliament to legislate/enact a law regulating the Court’s Jurisdiction. The laws enacted by Parliament pursuant to Article 162(2)(a) and (3) of *the Constitution* of Kenya include the *Employment and Labour Relations Court Act*. Section 12(1)(a) of the said Act provides as follows:-
- “(1) The Court shall have exclusive original and appellate jurisdiction to hear and to determine all disputes referred to it in accordance with Article 162(2) of *the Constitution* and the provisions of this Act or any other written law which extends jurisdiction to the Court relating to employment and labour relations including –
- a. disputes relating to or arising out of employment between an employer and an employee.”
8. Indeed, the preamble to the *Employment and Labour Relations Court Act* states as follows:-
- “An Act of Parliament to establish the Employment and Labour Relations Court to hear and determine disputes relating to employment and labour relations and for connected purposes.”
9. The import of the foregoing provisions of both *the Constitution* of Kenya and the statute is that all matters touching on, and arising from an employment contract and/or employer employee relationship fall squarely within the Jurisdiction of this Court. Employment contracts are contracts in



law, and are contracts properly so called; and all established legal and equitable principles and doctrines relating to contracts apply to employment contracts, as well. Under Section 8 of the [Employment Act](#), employment contracts and/or contracts of service may be written or oral.

10. Pursuant to Section 10(2)(c) of the [Employment Act](#), the scope of an employee's employment is determined by the contracting parties by stating in the contract of employment/service the job description of the employment. Every dispute relating to, or arising out of the employment so created, regardless of the nature of such dispute, falls within the exclusive jurisdiction of this Court. An employer who alleges that his money was unlawfully withdrawn or converted by a claiming employee in the course of employment may properly and validly Counter-Claim against such claiming employee.
11. Similarly, an employer who alleges misconduct, of whatever nature, on the part of a claiming employee resulting to losses on the part of the employer, may legally and validly raise a Counter-Claim (a Counter-suit) against such claiming employee; or can independently sue for breach of an employment contract or the employer's policies and regulations which form part of the employee's employment contract. The Court will not allow attempts by litigating parties to purport to limit or to diminish its Jurisdiction, which is well demarcated and beconed in both [the Constitution](#) of Kenya and the statute.
12. The Court of Appeal stated as follows in the case of Paramount Bank Limited – vs – Vaqvi Syed Qamara & Another [2017] eKLR:-

“ . . . The preamble to [Employment and Labour Relations Court Act](#) states that the Court is established to hear and determine disputes relating to “employment and labour relations” and “for connected purposes”. Among its powers under Section 12, the Court hears and determines all disputes relating to and arising out of employment and labour relations. In the exercise of that jurisdiction, the Court has the power to award compensation or damages in any circumstances contemplated under the Act or any other written law and to grant any other appropriate relief that it may deem fit.”
13. In my view, an employee can be held liable, and can be ordered to compensate the employer for any proved loss and/or damage arising from a proved breach by him of his contract of employment, or for any act or omission by him which constitutes a ground for termination of employment under the [Employment Act](#). Such grounds, under Section 44 of the Act, include:-
  - “(a) fundamental breach of the employee's obligations arising under the contract of service, and
  - (b) wilful neglect to perform any work which it is the employee's duty to perform, or carelessly and improperly performing any work which from its nature was his duty under the contract, to have performed carefully and properly.
  - (c) if the employee commits, or on reasonable and sufficient grounds is suspected of having committed, a criminal offence against or to the detriment of his employer or his employer's property.”
14. Having looked at the pleadings as presented by both parties herein and the applicable law referred to in this Ruling, and having considered written submissions filed on behalf of the parties herein, it is my finding that this Court is seized of jurisdiction to entertain, to hear and to determine the Respondent's Counter-Claim herein, as matters pleaded therein are alleged/pleaded to have arisen out of an employment between the Claimant and the Respondent, and are alleged (in the Counter-Claim) to be connected to the employment contract between the two.



15. The Counter-Claim shall go for trial alongside the suit/claim herein in accordance with the applicable Rules of Procedure.
16. The upshot of all the foregoing is that the Preliminary Objection dated 28<sup>th</sup> February, 2025 is without merit, and is hereby dismissed with costs to the Respondent/employer.

**DATED, SIGNED AND DELIVERED AT NAIROBI THIS 24<sup>TH</sup> DAY OF OCTOBER 2025**

**AGNES KITIKU NZEI**

**JUDGE**

Order

This Ruling has been delivered via Microsoft Teams Online Platform. A signed copy will be availed to each party upon payment of the applicable Court fees.

Appearance:

Miss Otieno for the Claimant

Mr. Nthei for the Respondent

